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SUBJECT: SICHUAN SCHOLARS ON HARMONIOUS SOCIETY'S ROLE IN POLITICS,
RURAL GOVERNANCE AND CIVIL SOCIETY

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CHENGDU 00000043 001.2 OF 005

CLASSIFIED BY: James A. Boughner, Consul General, Chengdu,
Department of State.
REASON: 1.4 (b), (d)

¶1. (C) Summary: Scholars from the Sichuan Academy of Social Science described to a visiting EAP Desk Officer how the Harmonious Society "guiding philosophy" is being implemented at the provincial level. The policy plays an important role in democratic experiments at the local level, including reform of the Standing Committee and "open nomination, open selection" systems, changes to the cadre evaluation and promotion system, and implementation of the new Supervision Law. According to one scholar, in rural areas, the ideology is manifesting itself in increasing centralization and the development of social welfare policies on health insurance and care for the elderly. In the development of civil society, Sichuan has experienced growth of some non-governmental organizations, even though the environment is still restrictive for many groups, especially religious organizations. The scholars were open in describing the abstractness of the Harmonious Society concept, but also acknowledged the ideology's positive aspects of equality, justice, rule of law, security, and democracy as guideposts for current experiments and reform in the political and social realms. End Summary.

¶2. (C) On January 18 CONGENOFF and visiting EAP Desk Officer Marc Abramson met with Guo Dan, Du Shouhu and Guo Hong, scholars from the Sichuan Academy of Social Sciences (SASS) (strictly protect all), to discuss implementation of the "Harmonious Society." The scholars commented on the policy's effects on political experiments, rural governance and social welfare, and the development of civil society.

Harmonious Society

¶3. (C) All three scholars described the Harmonious Society doctrine as a guiding philosophy or a goal, and linked it to "Scientific Development," the means to achieving the goal. One scholar described the relationship as "mutually reinforcing." Guo Dan, Director of the SASS Political Research Institute, said the Sichuan leadership has a clear understanding of Harmonious Society and strongly supports its goals. Provincial leaders are therefore trying to somewhat de-emphasize GDP growth and "clean up" (qingli) the province's development zones. (Comment: "Development zones" are frequently sites of the worst kinds of corruption, expropriation of land, environmental pollution, and other abuses. End comment.)

14. (C) Simultaneously, local level governments have strongly identified (rentong) with Harmonious Society, in part because it presages a relaxation of many of the tensions currently bedeviling party-government-people relations. Farmers have strongly welcomed the doctrine of Harmonious Society, while local cadres are now thinking much more in terms of coordinating policy and implementation across all sectors of government and society. SASS Deputy Director Du Shouhu agreed that coordination (xietiao), which also has a strong sense of "harmonization," is the critical working concept, in the sense of balancing competing interests and resolving central-local and inter-departmental conflicts. He saw Harmonious Society as a key step in acknowledging that people and institutions are motivated by special interests, and then advancing to an understanding that the government must promote "general" and "overall" interests. Du complained in particular about state-owned monopoly industries.

15. (C) Guo Hong, Director of the SASS Sociology Research Institute, said Harmonious Society emphasizes "social construction" (shehui jianshe). She welcomed Harmonious Society's new emphasis on social issues and institutions, which recognized the growth since the 1990s of a "social environment" and "public interest society" that was mostly independent of the state and the old state-dominated work-unit system, and was instead being created through the operation of NGOs and other civil society entities. She said she hoped the 17th Party Congress would make the idea much more concrete through the establishment of social programs.

Democratic Experiments in Sichuan

16. (C) Sichuan Province has always been at the forefront of democratic experiments, notably in piloting a "Standing Committee system" (changrenzhi) in local party congresses, according to Guo Dan, Director of the SASS Political Research Institute. This reform is currently being tested in several locations in Sichuan, most famously in relatively rural Ya'an,

CHENGDU 00000043 002.2 OF 005

but also in the more populous and urbanized prefecture of Meishan. The reform aims to give a role to party congress representatives beyond their normal responsibility to elect local party committee members every five years (who then select out of their number the smaller standing committee, led by the party secretary and deputy secretaries.) Motivated by a desire to balance out the over-concentration of power in the hands of local party leaders, particularly the party secretary, the changrenzhi grants inspection and oversight powers to the representatives. Party congress representatives in these pilot areas are allowed to contribute ideas when local regulations and policies are being drafted and are also soliciting ideas broadly, including outside party channels. The party congress representatives will still not have the power to vote down policies, however. While there are currently no plans to expand this particular pilot, Guo Dan opined that it was an effective way of pushing forward democracy.

17. (C) Guo Dan confirmed statements by party officials (reftel) that the "secretaries working meeting" (bangong hui), a decision-making body at the local level made up of the local party secretary and deputy party secretaries, and more exclusive than the party standing committee, is no longer operating. This occurred as a natural outgrowth of national reform during the 2006-2007 election of new party committees at all levels which mandated that the number of deputy party secretaries be reduced from six or more to two in almost all instances. He noted the main reason for the reduction was to reduce party-government friction, clarify portfolios, and better delineate the division of power at the local level. (Comment: Previously, the large number of deputy party secretaries at any particular level of government held particular portfolios and thus supervised particular party and/or government offices, but their supervisory powers were never clearly established. Now, one of the two deputy secretaries is the head of government at that

particular level and he directly supervises working level government offices in his capacity as government head, while the other deputy secretary is mainly responsible for party affairs. End comment.) At present, the standing committee is the main decision-making body at the sub-provincial level. Guo Dan stated that if the standing committee has a problem deciding policy, then it will consult with the larger party committee. Guo said that, in his opinion, the Party Committee should be the decision-making body and have the power to control the Standing Committee, but this is not currently happening.

18. (C) When asked about the progress of the "open nomination, open selection" (gong tui gong xuan) reform (by which party secretaries are selected with significant input from and

SIPDIS

controlled voting by the general public and rank and file party members) Guo Dan said it was taking place in Sichuan only at the town/township (xiangzhen) level and that the populace respected and welcomed the process. (Comment: Guo made no distinction between "open nomination, open selection" and "open nomination, direct selection" (gong tui zhi xuan). End comment.) In contrast, the party secretaries thus elected are nervous about the process, he said, because they have never been held accountable before and realize they can be voted out of office. In the past, party officials had no need to worry about citizens' support, but now they need to earn that support and keep their promises. Guo Dan said he viewed this reform as an intersection of party democracy and "people's democracy."

19. (C) Another area of reform in response to the implementation of the "Harmonious Society" policy is the evaluation and promotion system (kaohe tixi) for party and government officials. Guo Dan stated that previously evaluations overwhelmingly emphasized GDP per capita growth. Recent changes in the system in Sichuan have emphasized achieving the goals of more efficient energy use and environmental protection outlined in the Eleventh Five-Year Plan (FYP). Indeed, while every district/county-level government has its own evaluation standards based on local conditions, Guo pointed out that all districts have already introduced new standards based on the goals of the 11th FYP, including social and environmental factors that had previously been absent or largely ignored. Guo Dan noted that the 11th FYP calls for a 20 percent reduction in the amount of energy expended per unit of GDP and that similar targets would be reflected in Sichuan's evaluation scheme.

110. (C) Sichuan is one of nine pilot provinces for a Green GDP experiment, and Guo praised Suining and Mianyang prefectures for having done a good job in utilizing Green GDP. Guo noted that while Sichuan's official GDP growth in 2004 was 13 percent, adjusted Green GDP numbers calculated as part of this pilot showed that Sichuan's "real" growth was only 7 percent. Environmental goals from an "Ecological Plan" (shengtai jihua) have also been built into the evaluation system of 10 prefectures in Sichuan. However, Guo Dan did note that per

CHENGDU 00000043 003.2 OF 005

capita GDP in Sichuan is still expected to increase by about 10 percent annually.

111. (C) Guo Dan claimed the Supervision Law (Jiandu Fa) is significant for democracy in China, but that the rollout process would be slow, extending to 2010. He said the new law would challenge vested interests and help regulate power relationships. As an example of this trend, he cited a recent restriction on government departmental interests that directly benefited citizens. Train fares generally go up substantially during Chinese New Year, one of the biggest travel seasons of the year. This year, the Government listened to significant public opinion opposed to the increases and limited the power of the Railway Ministry to raise fares. One significant power that the Supervision Law grants to People's Congresses is the power to prevent government departments from enacting regulations to collect fees from businesses and the public.

¶12. (C) Guo also discussed the recently prominent topic of "deliberative democracy" (xieshang minzhu). In Sichuan, the focus of deliberative democracy is on the local People's Political Consultative Conferences (PPCC), which are viewed by the Party as the chief vehicle for the people to express their ideas to senior leaders. In Guo's opinion, the PPCCs were doing an adequate job of representing various social interests and raising cases for the government to deal with. However, he acknowledged that recent guidance from the central and provincial government on expanding deliberative democracy had not been fleshed out procedurally.

Rural Governance and Social Welfare

¶13. (C) SASS Deputy Director Du Shouhu, an expert on rural issues and a former director of the SASS Rural Research Institute, said there is a strong trend toward centralization in the countryside. County and city-level governments have taken stronger control over villages, especially in the supervision of budgets. There are currently fewer subsidies from the Central Government and hence, corresponding increases from provincial governments. Guo Dan added that the goal of Harmonious Society is to achieve a balance between centralization and decentralization, but it will be a long, slow process. Guo Dan agreed the overall trend is centralization, particularly in the areas of natural resources, environment, auditing, land, and security issues. He said centralization is necessary at this stage in China's development, but "once under control," these areas would become less centralized. Social issues and grassroots democracy, in contrast, are currently becoming less centralized, Guo Dan asserted.

¶14. (C) Du noted another trend was for outstanding college graduates and people with previous work experience to be sent to the countryside to take up positions as village heads. (Note: Village leaders are supposed to be elected. If these "excellent students" are subsequently "elected," the election process may have been denuded of its democratic qualities in these villages. End note.) Du expected that new personnel laws enacted in 2006 mandating regular rotations of officials and an "up or out" promotion system in an effort to prevent corruption would be strictly implemented at the local level. However, he added, given the dearth of talent in remote rural areas, the enforcement of such laws could pose problems. He expected that one regulation forbidding officials to serve in their home regions would be obeyed to the letter in most areas, but that some exceptions might be made for ethnic minority cadres.

¶15. (C) When asked about the status of social welfare policies in rural areas, Du said Sichuan was one of the earliest provinces to initiate experiments on medical insurance in certain counties in Duijiangyan and Meishan prefectures (80 counties are participating in the pilot nationwide). In those pilots, rural residents pay 10 RMB (USD 1.20) per year and the central government contributes 40 RMB (USD 4.80). Though successful to a certain extent, Du admitted it was still too expensive for rural residents in these areas to seek in-patient treatment. Sichuan is also discussing options for care of the elderly. Young rural residents are increasingly unwilling to remain in the countryside to care for ageing parents. At the same time, elderly individuals are generally reluctant to enter old persons' homes. Du said there is some support among government officials for a new contribution system for old age care similar to the medical insurance contribution system. He emphasized that financial issues, not management issues, were key to solving the problem, and argued that fund transfers from wealthier eastern provinces, which benefited from western China's natural resources, were only right and proper. Du also noted that every level of government would play a role in managing new social security programs, rejecting a suggestion

CHENGDU 00000043 004.2 OF 005

that Beijing might want to centralize control.

Civil Society Development

¶16. (C) The Harmonious Society concept also has implications for the development of civil society, particularly organizations that mediate between the state and society, according to Guo Hong of the Sociology Research Institute. Guo first began researching "intermediary organizations" (zhongjie zuzhi) in 2005 and just issued a report in January on industry associations (hangye xiehui) in Sichuan. In Sichuan, the transformation of government-administered "mass organizations," often referred to as "secondary government" (er zhengfu), into non-governmental associations is a relatively new phenomenon. Guo Hong described the process, primarily focused at present on industry associations, as one beginning with budgetary independence and then personnel independence. She admitted that officials from the government offices frequently become heads of the associations, though they are "freely" elected by the members (Note: Post would characterize these associations not as true NGOs, but as government-organized NGOs or GONGOs. End Note). Prior to 2006, however, the association heads and secretary generals were all regular civil servants appointed by

SIPDIS

the relevant government departments, a situation which no longer obtains for those associations who have been transformed into "tertiary organizations" (disan bumen), i.e., civil society institutions.

¶17. (C) Over 30 such associations were transitioned into this new set-up in 2006, a year in which it was generally very difficult to establish new organizations, Guo Hong said. These associations focus on commercial issues and regulating their particular industries. In response to a question, Guo Hong said that such associations, at least in Sichuan, do not lobby the government. She noted that industry associations were relatively developed in Chengdu and that business associations representing non-Sichuan companies doing business in Sichuan had expanded in 2006. Previously, only Wenzhou businessmen had registered a trade association in Sichuan; now, there were also active registered associations representing businesses from Zhejiang as a whole and Fujian. Guo Hong added that she has been trying to establish an association for migrant workers for the last few years, but has been unsuccessful in registering a group.

¶18. (C) Guo Hong observed that public participation in governance was only been a slogan at the time of the 16th Party Congress in 2002, but that, in the last two years, there had been observable trends towards self-management in Sichuan. She attributed the growth in public consciousness about public participation as well as its relative acceptance by local officials in part to the Party's popularization of the Scientific Development Concept, which had rendered obsolete old top-down approaches to "dealing with the masses." Public interest groups (gongyi zuzhi) were now operating much more openly and were even in some cases receiving government funding, such as poverty alleviation funds, to pursue their work.

¶19. (C) Guo Hong has also been observing the development of urban governance at the community/resident committee (shequ/jumin weiyuanhui) level. (Note: Resident committees are the traditional form of grassroots government in urban areas, equivalent to villages in rural areas. "Communities" (shequ) were set up early in this decade as grassroots organizations in urban areas to focus on the provision of public services and, in some cases, are identical to resident committees. End note.) She observed that the resident committees still remain reliant on higher levels of government for budget and personnel, but that they are gradually maturing into more autonomous entities that are able to represent and respond to the needs of their constituents. For example, some committees and their related shequ organizations are engaged in innovative efforts to take care of farmers who have lost their land. Guo Hong noted that Chengdu will hold the second round of public elections for shequ officers in 2007 (the first round was in 2004), so this will be the first changeover in shequ leadership since their establishment.

¶20. (C) In 2006, Guo Hong engaged in a study of Chengdu homeowners associations (yezhu weiyuanhui). She noted that, in contrast to Beijing, where such associations are often established to advocate for member's rights (weiquan), the Chengdu versions focus on providing a social forum and organizing entertainment activities for residents. She did note that many homeowners associations in Chengdu, if they are large enough (i.e., if a single large housing development forms a single homeowners association), are also constituting themselves as shequ. Such homeowners associations are more active than

CHENGDU 00000043 005.2 OF 005

ones that do not have an organic relationship with a shequ. Homeowners associations that are also shequ usually have good relations with their local resident committees, but sometimes homeowners associations clash with resident committees and even with higher-level street offices (jiedao banshiq, equivalent to a township/town) over resources, such as the control of land. In general, Guo Hong was encouraged to see an overall increase in autonomous governance at the grassroots level in Sichuan.

NGOS AND RELIGIOUS ORGANIZATIONS -----

¶21. (C) In spite of a generally difficult atmosphere for the establishment of NGOs in Sichuan, Guo Hong said most academics believe Sichuan is an "acceptable environment" for existing NGOs and that the space for NGOs is gradually expanding. Prior to 2006, Sichuan had the second largest number of registered NGOs (Shandong had the most), but, following a "rectification" of the NGO rolls in that year, she estimated that the total number had fallen. Guo Hong cited as examples the success the NGO Green River has had in influencing government policy on protection of wildlife and natural resources, the ability of the Chengdu Urban Rivers Association (CURA) (a State-Department small-grantee) to report directly to the Chengdu City Government about watershed cleanup efforts, and the participation of a bird watching association in planning for a protected area. Guo Hong said all these types of organizations that focus on environmental protection, education and poverty alleviation have good cooperation with the government and strong connections with the international community.

¶22. (C) When asked to comment on the role of religious organizations, Guo Hong was not so optimistic, saying the behavior of Christians and Catholics in China was strictly prescribed within religious boundaries. In contrast, she noted that Buddhist Merit Associations (gongde hui) were given more latitude to carry out a range of charitable activities, including poverty alleviation, as long as these activities were seen as "internal," i.e., confined to their believers. Guo Hong also predicted NGOs functioning in other previously sensitive areas, such as health services and education, would become increasingly more active. She said demand for migrant education from private or NGO providers would increase as public schools continued to be closed in rural areas. HIV/AIDS-related education and service from NGOs such as Aibai in Chengdu and Beijing will be even more welcome in the future. A key issue will be how the government handles NGO registration, with tax-free status for non-profit groups being the crux. While this will doubtless be difficult to manage, Guo Hong saw this as an inevitable trend, particularly with the need to increase public trust in the delivery of services.

Comment -----

¶23. (C) The scholars were quite open in describing the abstractness of the Harmonious Society concept, while holding out hope it would become clearer with time. At the same time, they acknowledged the ideology's positive aspects of equality, justice, rule of law, security, and democracy as guideposts for current experiments and reform in the political and social realms.
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